



Innovative Industrial Properties Acquires Michigan Property and Expands Real Estate Partnership with Holistic Industries

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IIP Expands Property Portfolio to 62 Properties in 16 States Comprising Over 4.7 Million Square Feet

SAN DIEGO--(BUSINESS WIRE)-- Innovative Industrial Properties, Inc. (IIP), the first and only real estate company on the New York Stock Exchange (NYSE: IIPR) focused on the regulated U.S. cannabis industry, announced today that it closed on the acquisition of a property located at 29600 Stephenson Highway in Madison Heights, Michigan.

The purchase price for the property was \$6.2 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement with a subsidiary of Holistic Industries Inc. ("Holistic"), which intends to operate the property as a regulated cannabis cultivation, processing and dispensing facility, upon completion of development of an approximately 63,000 square foot industrial building. In connection with the development of the property, IIP has agreed to provide reimbursement of up to \$18.8 million. Assuming full reimbursement for the development of the property, IIP's total investment in the property will be \$25.0 million.

In addition to the Michigan property, IIP owns and leases to Holistic three other properties in Maryland, Massachusetts and Pennsylvania.

As the pioneering real estate investment trust (REIT) for the medical-use cannabis industry, IIP partners with experienced medical-use cannabis operators and serves as a source of capital by acquiring and leasing back their real estate assets, in addition to offering other creative real estate-based capital solutions.

"We have had the privilege of being Holistic's long-term real estate partner since 2017, and supporting them in their expansion over the years with key growth capital along the way," said Paul Smithers, President and Chief Executive Officer of IIP. "Josh and his team of dedicated professionals have set a standard for product quality, patient care and customer experience that we are proud to support, and we are thrilled for the success that they have achieved."

Holistic is one of the largest private, vertically-integrated multi-state operators in the cannabis industry, with operations in California, Maryland, Massachusetts, Michigan, Pennsylvania and Washington D.C. Founded by Chief

Executive Officer Josh Genderson in 2011, Holistic's success is driven by its unique and scalable approach and mission to be the best place to work, shop and invest in the cannabis industry. Holistic is dedicated to delivering exceptional cannabis products to patients and customers in an environment of highly focused customer service and individualized patient care.

"IIP has been an excellent real estate partner, and we appreciate their unwaivering support in facilitating our expansion over the past three-plus years," said Josh Genderson, Chief Executive Officer of Holistic. "We look forward to working closely with IIP in the development of this property and the vision we have for the community, creating a state-of-the-art facility that produces the high quality, consistent product, with a compassionate, customer-focused experience for our patients and customers, and an operation that provides great jobs and opportunities for career advancement for local residents."

According to a Michigan Marijuana Regulatory Agency report, July 2020 total sales for medical-use and adult-use cannabis were approximately \$109.6 million, equating to approximately \$1.3 billion in sales on an annualized basis and representing a continued strong, month-to-month growth. Michigan began regulated adult-use cannabis sales in December of last year. As of today, IIP's total investment, including committed funding for future tenant improvements, for the properties IIP owns in Michigan is approximately \$155.8 million.

As of September 1, 2020, IIP owned 62 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania and Virginia, totaling approximately 4.7 million rentable square feet (including approximately 1.7 million rentable square feet under development/redevelopment), which were 99.3% leased (based on square footage) with a weighted-average remaining lease term of approximately 16.0 years. As of September 1, 2020, IIP had invested approximately \$844.8 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$245.9 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP's properties. These statistics do not include up to approximately \$14.5 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Massachusetts properties, as the tenant at that property may not elect to have IIP disburse those funds to the tenant and pay IIP the corresponding base rent on those funds. These statistics also treat IIP's Los Angeles, California property as not leased, due to the tenant being in receivership and its ongoing default in its obligation to pay rent at that location.

About Innovative Industrial Properties

Innovative Industrial Properties, Inc. is a self-advised Maryland corporation focused on the acquisition, ownership and management of specialized industrial properties leased to experienced, state-licensed operators for their regulated medical-use cannabis facilities. Innovative Industrial Properties, Inc. has elected to be taxed as a real estate investment trust, commencing with the year ended December 31, 2017. Additional information is available at www.innovativeindustrialproperties.com.

Innovative Industrial Properties Forward-Looking Statements

This press release contains statements that IIP believes to be “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, including, without limitation, statements regarding the acquisition and lease of the Michigan property, Holistic and the Michigan regulated cannabis market, are forward-looking statements. When used in this press release, words such as we “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe” or “should” or the negative thereof or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Investors should not place undue reliance upon forward-looking statements. IIP disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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